

SAUDI ARABIA AND IRAN RESTORE RELATIONS: A VICTORY OF NECESSITY

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1. INTRODUCTION:

The Saudi-Iran rapprochement marks a seismic shift in the geopolitics of the Middle East, redefining longstanding regional dynamics and global alliances. Emerging from a history of tension and proxy conflicts, this groundbreaking development, brokered with the support of China, heralds a transformative era of potential cooperation between two regional powerhouses. The agreement, forged after years of strained relations, signals a pivotal moment of reconciliation between Saudi Arabia and Iran, paving the way for diplomatic re-engagement, economic partnerships, and potentially significant implications for regional stability and global geopolitics.

2. TIMELINE: IRAN AND SAUDI ARABIA, FROM RIVALRY TO RAPPROCHEMENT

2011 – Arab Spring	The Arab Spring saw protest movements against the status quo across the Middle East. Saudi Arabia accused Iran of inciting protests in Bahrain against the royal family and sent more than 1,000 soldiers to stop the demonstrations. Iran denied the accusation.
2011 – Syrian War	The rivals squared off again after the Syrian war erupted in 2011. Shia-ruled Iran backed President Bashar al-Assad and provided him with military forces and money to battle Sunni rebels. Sunni-majority Saudi Arabia backed the rebel groups but later joined a US-led coalition formed to fight ISIL (ISIS) from 2014.
2015 – War in Yemen	When the civil war in Yemen began in 2015, Saudi Arabia backed its internationally recognised government and targeted Houthi rebel strongholds. The Houthis are aligned with Iran.
January 2016 – execution of Shiite leader	Diplomatic ties between Iran and Saudi Arabia were severed in 2016 after the Saudi execution of Shia cleric Nimr Al-Nimr, which sparked anger and protests in Iran.
2017 – Qatar Blockade	Another regional rupture took place in June 2017 when Saudi Arabia and its allies in the United Arab Emirates, Bahrain and Egypt imposed a blockade on Qatar. They

	said Qatar was too close to Iran and supported “terrorism”, allegations that Doha denied. Those ties were mended in January 2021.
2017 – Lebanese PM Resigns	The prime minister of Lebanon, Saad Hariri, resigned unexpectedly on November 4, 2017 and bizarrely from Riyadh, citing Iran’s “grip” on his country through Hezbollah. He later withdrew his resignation. The move plunged Lebanon into a political crisis seen as part of a Saudi effort to counteract Iran’s influence in the country.
2017 – Missile Intercepted over Riyadh	Hours after Hariri’s resignation, Saudi Arabia intercepted a ballistic missile over Riyadh International Airport. It asserted that the missile was supplied by Iran and launched from territory held by Houthi rebels in Yemen. In comments reported by the state-run Saudi Press Agency, the crown prince told then-British Foreign Secretary Boris Johnson that Iran’s actions “may be considered an act of war against the Kingdom”.
2018 – US pulls out of Iran Nuclear Deal	In May 2018, President Donald Trump unilaterally withdrew the United States from the Iran nuclear deal, a move praised by both Saudi Arabia and Israel. Saudi Crown Prince Mohammed bin Salman warned in a US television interview that if Tehran gets a nuclear weapon, “we will follow suit as soon as possible.” The prince also referred to Iran’s supreme leader as “the new Hitler”.
2019 – Attacks on Saudi Targets	A year later, Saudi Arabia blamed Iran for a series of attacks on targets in the kingdom, including one that struck the heart of the country’s oil industry, temporarily halving the kingdom’s crude production. Iran denied involvement. Yemen’s Houthi rebel group claimed responsibility for the attacks.
2020 – Qassem Soleimani Killed	When the Iranian military commander Qassem Soleimani was killed in a US drone strike in Baghdad, the official Saudi media celebrated the attack.
2021 – Iran and Saudi Arabia hold talks	In April 2021, Iran and Saudi Arabia held their first direct talks since they cut off official ties. Baghdad was the host.
2022 – More Talks	Between April and September last year, four rounds of talks were held, mostly mediated by Iraq and Oman. After Iran and Saudi Arabia held a fifth round of talks, a top

	adviser to Khamenei called for Saudi and Iranian embassies to be reopened. Chinese President Xi Jinping visited Saudi Arabia for talks with Mohammed bin Salman.
2023 – Agreement to Restore ties	Iranian President Ebrahim Raisi visited China to meet Xi in February. The following month, Riyadh and Tehran announced that they had decided to re-establish ties.
March 10, 2023:	Iran and Saudi Arabia agreed to restore diplomatic ties seven years after severing relations.
April 4, 2023:	President Raisi had accepted a Saudi invitation to visit the kingdom, according to Iranian first vice president Mohammed Mokhber.
April 6, 2023:	<p>The Iranian and Saudi foreign ministers met in Beijing, facilitated again by China. Their joint statement included the following points:</p> <ul style="list-style-type: none"> • Expand the “scope of co-operation, and contribute to achieving security, stability and prosperity in the region.” • Reopen open embassies in Riyadh and Tehran and general consulates in Jeddah and Mashhad. • Resume technical coordination to resume flights and facilitate the issuing of visas. • Affirm “readiness to do everything possible to overcome any obstacles facing the promotion of co-operation.”
May 1, 2023:	The Saudi navy transported 65 Iranians from Port Sudan to Jeddah amid escalating violence in Sudan. The Iranian nationals were due to fly to Tehran. Iran’s foreign ministry said that the coordination was a “positive event.”
May 11, 2023:	Finance Minister Ehsan Khandouzi became Iran’s first minister to visit Saudi Arabia since the announcement of the rapprochement. He landed in Jeddah with an economic delegation and was slated to meet with Saudi officials and with the Islamic Development Bank.
June 6, 2023:	Iran reopened its embassy in Riyadh, Saudi Arabia. Iran had reportedly named Alireza Enayati, former director of Gulf affairs at the foreign ministry (2019-2023) and envoy to Kuwait (2014-2019), ambassador to Saudi Arabia.

3. LATEST DEAL: MARCH 10, 2023 AGREEMENT

In a significant development underscoring regional diplomacy, the 6th to 10th of March, 2023 witnessed consequential discussions between delegates from the People's Republic of China, the Kingdom of Saudi Arabia, and the Islamic Republic of Iran in Beijing. This crucial meeting followed high-level visits, notably Iranian President Ebrahim Raisi's trip to Beijing in February 2023 and Chinese President Xi Jinping's visit to Saudi Arabia in December 2022. The result was a groundbreaking Joint Trilateral Statement by the People's Republic of China, the Kingdom of Saudi Arabia, and the Islamic Republic of Iran:



Top Saudi, Iranian diplomats meet in China, 1st time in 7 years

March 10, 2023

Saudi Arabia and Iran agree to restore diplomatic relations

April 3

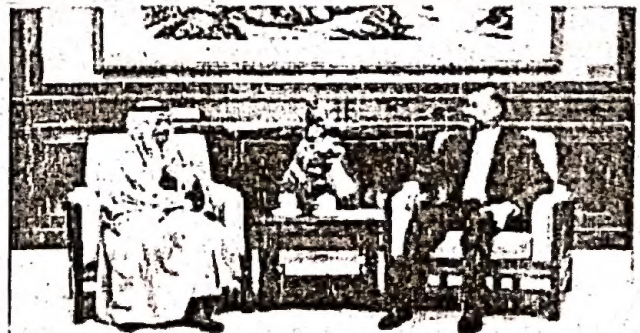
Saudi Arabian Foreign Minister Faisal bin Ferhan and his Iranian counterpart Hossein Amir-Abdollahian have telephone call

2016

Following the execution of Shia cleric Sheikh Nimr al-Nimr, Saudi Arabia's diplomatic missions in Tehran and Mash are attacked by mobs, resulting in mutual cutting of ties

April 2021

Mediated by Baghdad, Iran and Saudi Arabia hold their first round of tension-easing talks



April 6

In China, the foreign ministers of the two countries meet for the first time in 7 years

"The three countries announce that an agreement has been reached between the Kingdom of Saudi Arabia and the Islamic Republic of Iran, that includes an agreement to resume diplomatic relations between them and re-open their embassies and missions within a period not exceeding two months, and the agreement includes their affirmation of the respect for the sovereignty of states and the non-interference in internal affairs of states. They also agreed that the ministers of foreign affairs of both countries shall meet to implement this, arrange for the return of their ambassadors, and discuss means of enhancing bilateral relations. They also agreed to implement the Security Cooperation Agreement between them, which was signed on 22/1/1422 (H), corresponding to 17/4/2001, and the General Agreement for Cooperation in the Fields of Economy, Trade, Investment, Technology, Science, Culture, Sports, and Youth, which was signed on 2/2/1419 (H), corresponding to 27/5/1998."

4. LATEST DEVELOPMENTS AFTER THE DEAL:

The first formal meeting between the top diplomats of the two nations in seven years took place on 6 April, 2023 in Beijing. On the occasion, Iranian Foreign Minister Hossein Amir-Abdollahian and his Saudi counterpart Prince Faisal bin Farhan Al Saud signed a joint statement announcing the resumption of diplomatic relations with immediate effect.

Also, a few days prior to the meeting of the two Foreign Ministers in Beijing on 6 April 2023, President Raisi received a visit invitation from Saudi Arabia's King Salman bin Abdulaziz Al Saud, to which the Iranian President responded by inviting the Saudi King to visit Tehran. A Saudi trade delegation also attended the Iran Expo 2023, which was held in Tehran from 7-10 May 2023. On 23 May, 2023, Iran named Alireza Enayati as its new ambassador to Saudi Arabia after 7-year hiatus. Iran reopened its embassy in Riyadh along with the consulate general and office to the Organization of Islamic Cooperation in Jeddah on June 6 and 7 2023.

"All kinds of signs, trivial and large, suggest the rapprochement is genuine: civilian flights between the two countries are to resume; an Iranian won an \$800,000 Saudi Qur'an-reading competition; Iranian steel is making its way to Saudi markets; officials from the two countries were seen embracing after the Saudi navy rescued 60 Iranians trapped in Sudan; and Ibrahim Raisi is expected to announce a visit to Riyadh soon, the first by an Iranian president since 2007."

(Patrick Wintour - The Guardian 8 May 2023)

5. IRAN'S INTERESTS: AN OPENING AMID INCREASING ISOLATION

One of the major interests of Iran behind this deal was to break out of the diplomatic isolation imposed on it by the US-led West. Having taken Riyadh off the

table, Tehran is working to undermine what is left of the region's anti-Iran regional coalition—a policy that includes going on the offensive against Israel and the United States. Both sides have mutual interest in integrating the BRI into national regeneration schemes, such as Saudi Vision 2030, the Abu Dhabi Economic Vision 2030, Jordan 2025, Türkiye's Middle Corridor, and Kuwait's Vision 2035.

In 2021, Iranian oil exports to China reportedly averaged 818,000 barrels per day, (<https://www.unitedagainstnucleariran.com>), although Beijing did not issue official numbers. For the first five months of 2023, it averaged about 1 million barrels per day.

In 2021, Iran and China signed a 25-year “strategic cooperation agreement” to deepen economic and security ties, but little was implemented. In 2023, the two countries signed 20 additional memos of understanding on trade, transportation, technology, tourism, agriculture, and crisis response to take more specific steps on the earlier accord.

For the 10th consecutive year, China was Iran's largest trade partner. Iran's trade with China reached almost \$16 billion in 2022, up seven percent from 2021. China's crude oil imports from Iran reportedly set a new record in December 2022.

(<https://iranprimer.usip.org>)

On July 4, 2023, Iran was formally admitted as the ninth member of the Shanghai Cooperation Organization (SCO), a security and economic organization led by China and Russia, during an online summit hosted by India. President Ebrahim Raisi joined the proceedings with leaders from other member states, including India, Pakistan, Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan.

In 2022, Russia overtook China to become the largest investor in the Islamic Republic. Moscow invested \$2.76 billion in Tehran during the Iranian fiscal year (from mid-March 2022 to mid-March 2023). China, in comparison, invested only \$131 million in Iran the same year. (<https://iranprimer.usip.org>)

6. THE SAUDI MOTIVE: DIVERSIFYING ALLIANCES AMID A CHANGING MIDDLE EAST

The motives of Saudi Arabia revolve around its security anxieties over escalation in tensions with Iran. Saudi Arabia has faced several attacks including on its oil facilities and infrastructure. Over half of the kingdom's oil production was affected by a missile and drone attack on its oil-processing installations (Aramco's oil facilities) in 2019, for which Riyadh blamed Tehran.

The America First policy pursued by Donald Trump caused great distress among US allies as he continuously complained that the countries hosting US troops were not paying enough. He went on to say in 2018 that the Saudi King wouldn't last ‘two weeks’ without US support and that it should pay more for its defense. This also compelled MBS to think for other security options. America's diminished diplomatic and military footprint in the region switched focus to its strategic priority of countering

China also played a key role behind this move. Following strained relations between the Biden administration, the Saudi leadership seemed to convince Riyadh that Washington was no longer a reliable or consistent ally, much less a guarantor of its security.

i. Vision 2030 plan:

The Kingdom has gradually taken numerous steps to reform and rebrand itself under the leadership of the Saudi crown prince and prime minister Mohammed Bin Salman (MBS). The Vision 2030 Strategy in this regard was unveiled by MBS in 2016, through which the Kingdom seeks to diversify its economy, reduce its dependence on oil, and develop public service sectors focusing on tourism, infrastructure, health, and education. It envisages diversifying the economy and enhanced spending on infrastructure and social sectors to make the country a global investment hub. Its domestic reform agenda urges the lowering of regional tensions and a stable and predictable environment. Moreover, MBS is pursuing a foreign policy increasingly independent of the West.

7. CHINA'S PRUDENT ROLE IN THE MEDIATION

China has scored a major diplomatic victory by its mediation, demonstrating its growing global influence and establishing itself as a major player in the Middle East. Being the biggest trading partner of both countries, China's oil imports with the region account for 40 per cent, which underlines its stakes in the region.

On 21 February 2023, the Chinese Ministry of Foreign Affairs released the "Global Security Initiative" (GSI) concept paper, which inter alia declares that Beijing will promote the political resolution of regional conflicts by encouraging the countries involved to resolve their disputes through dialogue and communication. Over a decade, China signed 15 strategic partnerships with the Arab states, and still trying to promote both economic and soft powers.

"Amid perceived U.S. retrenchment from the Middle East, the deal is a diplomatic win for China as it increasingly seeks to present an alternative vision to the U.S.-led global order..... "As the rivalry between Washington and Beijing intensifies, the United States has restricted Chinese access to Western technology and markets. So, China needs to look elsewhere for stable flows of trade, technology and energy."

(United States Institute of Peace)

8. HOW HAS THE SAUDI-IRAN TUSSLE AFFECTED THE MIDDLE EAST AND THE POTENTIAL IMPACTS OF THE CURRENT RAPPROCHEMENT?

"Saudi-Iranian detente is fragile but potential for the Middle East is huge."

(Patrick Wintour - The Guardian 8 May 2023)

"The thaw in Saudi-Iran relations is a potential game changer for the region — provided it gathers steam and lasts. It has far-reaching implications for the Middle East and beyond, which could pave the way for a more stable and peaceful region. Both countries had strong motivations to seek détente."

[Maleeha Lodhi (Dawn: March 20, 2023)]

The two leading regional powers have been at odds for years, backing opposite sides in proxy wars in several countries. The normalization between the Saudis in Riyadh and the Iranians in Tehran would lead to regional de-escalation. It is an event that has the potential to transform the Middle East region through the resolution of outstanding disputes, increased multilateralism, and concentrated efforts for economic diversification.

The results of the rapprochement are already visible. Efforts to end the Yemen war have already been initiated by Saudi Arabia, Syria has been re-admitted to the Arab League after a hiatus of more than a decade, and efforts for improvement of relations between Iran and Egypt are underway, and it's just the beginning. Given the emphasis on each other's sovereignty in the China-brokered rapprochement, it has the potential to stabilize the region if both sides adhere to the deal by halting their support for their alleged proxies across the region.

i. SYRIA

The rivals squared off after the Syrian war erupted in 2011. Iran backed Syrian President Bashar al-Assad and provided him with military forces and money to battle rebel groups, while Saudi Arabia backed opposition forces fighting to overthrow al-Assad.

The Saudi-Iranian deal comes as Arab isolation of al-Assad is thawing. Saudi has said more engagement could even lead to Syria's return to the Arab League.

"The Iranian-Saudi deal looks as though it may speed up normalisation of relations between the Syrian regime and some Arab governments."
(Crisis Group — 19 APRIL 2023)

ii. LEBANON

Relations between Lebanon and Saudi Arabia — which had backed Lebanon's Sunni prime ministers for years — became especially strained following the 2016 election of Lebanese President Michel Aoun, who is allied with Iran-backed Hezbollah. In November 2017, Lebanon's Prime Minister Saad Hariri resigned unexpectedly while he was in the Saudi capital Riyadh. Hariri blamed interference in Lebanon by Iran and its Lebanese ally, the Hezbollah movement, for his decision to resign, adding that he feared an assassination attempt.

Although Hariri later withdrew his resignation, the move plunged Lebanon into a political crisis seen as part of a Saudi effort to counteract Iran's influence in the

country. Last year, the leader of Hezbollah, Hassan Nasrallah, accused Saudi Arabia's King Salman of "terrorism", in the midst of one of the deepest political crises between Gulf Arab states and Lebanon. Meanwhile, Saudi Arabia called on Lebanon to end "terrorist Hezbollah's" influence over the state.

iii. IRAQ

A number of Iraqi political parties have ties and receive funds from Iran, and some of the politicians who have led Iraq in the post-Saddam era spent time in exile in Iran. Iran has also funded and trained paramilitary groups aligned with Shia political parties, some of which operate as part of the Popular Mobilisation Forces, which was established to fight ISIL (ISIS), but continues to enjoy a strong position in the country. Yet opposition to Iran is growing in Iraq, which has opened a potential pathway for Saudi Arabian influence, particularly as Baghdad attempts to reintegrate itself more with its Arab neighbours.

The Saudi-Iranian deal has the potential to lower tensions in Iraq. Baghdad has for some time been trying to bring its two assertive neighbours closer together. Iran is the bigger of the two – its border with Iraq is twice as long as Saudi Arabia's – and it enjoys close religious, economic and cultural ties with many Iraqis. Tehran gained political influence in Iraq after the 2003 U.S. invasion, particularly among the majority Shiite population and their ruling Islamist parties. Iran's Islamic Revolutionary Guard Corps supports various armed groups outside of Iraq's full control. Some of these armed groups have targeted residual U.S. forces in Iraq and may have been involved in attacks on Saudi Arabia in 2019 and 2021.

Iraqi Sunnis have historical tribal, trade, and religious connections with Saudi Arabia. Riyadh has exerted its limited influence in Iraq through Sunni tribes and political parties that have been part of post-2003 power-sharing governments. Although Saudi Arabia was not directly involved in the conflict between Iran-backed paramilitaries and the U.S. in Iraq, it perceives the overall security situation and the presence of Iran-sponsored groups near its 800km border with Iraq as a threat to its interests.

To lower the temperature, Baghdad has undertaken efforts to reposition Iraq as an arena for regional dialogue rather than proxy confrontation. Various Iraqi politicians have called for better relations between Saudi Arabia and Iran. In particular, Mustafa al-Kadhimi, Iraq's prime minister from 2020 to 2022, tapped the connections he acquired as former intelligence chief to bring Iranian and Saudi representatives to Baghdad for five rounds of direct talks during his tenure. Those negotiations were essential in clarifying both sides' concerns and building a practice of regular dialogue that paved the way for the Beijing meeting.

A Saudi-Iranian détente may remove political obstacles that have stood in the way of substantial Saudi investment in Iraq. Opinions in Iraq about the Saudi-Iranian détente vary. Some Iraqis doubt Iran's sincerity in changing its policies and interference in domestic politics. New political parties and independents see the agreement positively for reducing regional tensions, but others fear it may benefit the ruling elite and worsen public discontent.

iv. YEMEN:

Yemen, where a ruinous eight-year-old war has left the impoverished Arab nation barely functional. The conflict has pitted the pro-Iran Houthi movement, which controls the capital Sana'a, against the Yemeni government backed by Saudi Arabia, which intervened militarily in Yemen in March 2015. However, the intervention has been an unmitigated disaster, with the Saudi-led coalition, supported by the West, unleashing intense bombardment, often targeting civilians. The Houthis have responded by attacking Saudi and Emirati cities with missiles. But now, after the breakthrough in Beijing, the Yemeni conflict may be close to a resolution. According to the Wall Street Journal, Iran has agreed to stop arming the Houthis, though officially Tehran denies it is sending weapons to the militia. If the ongoing ceasefire in Yemen takes a more permanent shape, matters may transition to a broad-based dialogue where the country's tribes, confessional groups and political factions can reach a power-sharing deal, and agree to a democratic solution that protects the interests of all Yemenis.

The Saudi-led coalition has carried out more than 24,000 air raids since 2015, according to data collected by the Yemen Data Project. On the other hand, Iran-backed Houthi rebels have targeted strategic infrastructure across Saudi Arabia, including airports, gas fields and oil tankers in the Red Sea. Years of United Nations-brokered peace talks have failed to break the deadlock. By 2022, 14.5 million of the country's 30 million people lacked sufficient food, according to the World Food Programme. Nearly half of the country's children under five face chronic malnutrition. In addition, at least four million people have been displaced by the seven years of war.

"Both Huthi and government sources presented the Saudi-Iranian deal, at least initially, as a welcome boost to their own positions."

(Crisis Group 19 APRIL 2023)

Houthi spokesman Mohammed Abdulsalam professed the hope that it would put an end to what he called the "destabilisation of the area wreaked by the Zionist-American intervention". For its part, the Saudi-backed Yemeni government padded its cautious approval of the agreement with expectations that Tehran would "change its destructive policies" in the country. Still, other Yemenis

caution that a deal between Riyadh and Tehran that does not involve the parties on the ground will do little to change the calculus of Yemen's many actors. Local partners would have to be on board to make any agreement sustainable. or now, though, it remains unclear whether the Huthis will actually sit down with their Yemeni rivals and, even if they are prepared to, whether the various anti-Huthi forces can come to the table with a single set of demands.

9. IMPLICATIONS FOR ISRAEL:

i. Long Standing Iran and Israel conflict:

Israel's political leadership across the board sees Iran, especially its nuclear program, as the main strategic threat to the Jewish state, while Tehran accuses Israel of sabotaging its nuclear program. The Iranian-Saudi rapprochement may lessen Gulf Arab states' security concerns. But it does not diminish the risk of a crisis triggered by Iran's rapidly advancing nuclear program and the threat it poses, in particular for Israel. Israel has sought to counter it through international sanctions and diplomatic isolation, as well as a credible military threat. To this end, Israel prefers cooperation with the West and Gulf Arab states, but it also projects determination to act alone if required.

ii. Israel's view on the deal:

Israelis view the deal with concern. Israeli officials fret that the Saudi-Iranian deal may set back Israel's efforts to build a regional anti-Iran coalition, a main driver of the Abraham Accords, and Israel's determination to add Saudi Arabia to the countries with which it normalises ties. They find the prospect of a significantly less prominent U.S. role in the region especially concerning, particularly because China, which has thrown a political and economic lifeline to Tehran over the past few years, may fill the ensuing vacuum. Saudi Arabia's recent move to become a "dialogue partner" of the Shanghai Cooperation Organisation, in which Iran has observer status, can only add to Israel's anxiety, as does the kingdom's recent decision to host a Hamas delegation, after years of friction. The Saudi-Iranian agreement comes following rocket fire at Israel from Gaza, as well as from Lebanon and Syria, which was reportedly coordinated by Iran, raising Israel's concern that the Beijing accord emboldened Iran and its non-state allies.

Netanyahu recently told CNBC: "Those who partner with Iran partner with misery. Look at Lebanon, look at Yemen, look at Syria, look at Iraq. Ninety-five per cent of the problems in the Middle East emanate from Iran."

A growing sense of isolation could push Israeli leaders to ratchet up their threats to act against Iran's nuclear program. Yet the promise of at least short-term regional quiet resulting from a Saudi-Iranian rapprochement would make

unilateral Israeli strikes harder for Israel to justify. Moreover, Israel's longstanding effort to confront Iran in general and undermine the 2015 nuclear deal in particular arguably has backfired, as it contributed, together with the U.S. withdrawal from the deal and Trump's "maximum pressure" strategy, to Iranian decisions to move even closer to acquiring nuclear weapons capability. Add the fact that Israeli policymakers are preoccupied with turmoil closer to home – demonstrations against the government's attempts to weaken the Israeli Supreme Court and incursions into the West Bank to rein in Palestinian armed groups – and they may have little time to formulate an effective response to the Saudi-Iranian deal.

Israel and the U.S. have both indicated that they do not see the Iranian-Saudi détente as an impediment to improving Israeli-Saudi ties. For Israel, it is not a zero-sum game. Whereas, Riyadh's price for normalisation includes security guarantees and support from Washington in developing a civilian nuclear program, but Israel's treatment of Palestinians, particularly incidents like the Israeli security forces' recent attacks on Muslim worshippers in the al-Asqa Mosque, still looms large, raising the political cost of normalisation for Saudi leaders.

10. IMPLICATIONS FOR THE GLOBE:

Beijing developments point to an emerging multipolar world order, and the apparent end of American unipolarity.

i. A changing international order:

"This reflects a larger tectonic shift in the international order where, as mentioned above, American unipolarity is on the wane and a new multipolar order, led by Russia and China, and supported by the BRICS states [Brazil, Russia, India, China, South Africa], is being born."

(Qasim A. Moini | Dawn April 22, 2023)

ii. Decline of Pax Americana:

"There are three major takeaways from the Saudi-Iranian thaw: firstly, that the decline of American power in the Middle East is well underway; secondly, that Chinese diplomacy is growing and making its presence felt in unexpected places; and thirdly, that there are opportunities in the détente between Riyadh and Tehran that Pakistan can benefit from, should it play its cards right and put its own chaotic house in order."

(Qasim A. Moini | Dawn April 22, 2023)

11. IMPLICATIONS for the U.S:

The United States also expressed what has been termed as cautious optimism with officials terming it a positive development while also indicating skepticism of Iran holding up its end of the deal. The US has been diplomatically marginalised by the development — for now. Its effort to isolate Iran has suffered a major setback at a time of rising tensions between Washington and Tehran over Iran's nuclear programme.

It shows that the US and, to a lesser degree, Europe have lost their status as regional power brokers.

Peter Baker wrote in The New York Times that the Chinese-brokered deal had "upended US diplomacy in the Middle East".

12. POTENTIAL BENEFITS FOR PAKISTAN:

Improved relations between Saudi Arabia and Iran present significant opportunities for Pakistan, reducing the need to navigate difficult choices between the two powers. This potential normalization could unlock new possibilities for Pakistan removing previous limitations. With China's influential role in mediating the Saudi-Iran deal, Pakistan, a key partner in China's Belt and Road Initiative, stands to benefit from potential economic collaborations stemming from this agreement. However, while the rapprochement is promising, it doesn't automatically ensure peace in the Middle East. Continued efforts are necessary from all involved parties to make this agreement a lasting success. Pakistan needs to vigilantly observe the unfolding developments to gauge the trajectory of these relations.

"For Pakistan, it opens up new diplomatic and economic opportunities. For decades, Pakistan has followed a policy of balancing relations between Saudi Arabia and Iran, treading very carefully between a strategic ally and a neighbour. Now the rapprochement between the two former rivals means diplomatic space opens up for Islamabad to consider new initiatives and also strengthen ties with Iran".

(Dr. Maleeha Lodhi)

"The normalization of ties between Iran and Saudi Arabia entails positive implications and promising opportunities for Pakistan -- being Iran's immediate neighbour, Saudi Arabia's long-standing partner, and China's strategic partner. Pakistan was one of the first countries to welcome this move towards reconciliation and rapprochement between Saudi Arabia and Iran."

(Institute of Strategic Studies Islamabad Issue Brief - May 15, 2023)

"With the imminent restoration of diplomatic ties between Iran and Saudi Arabia, it is vital for Pakistan to continue this supportive role and contribute to a more stable and peaceful Middle East, while simultaneously strengthening its position as a regional player."

(Institute Of Strategic Studies Islamabad Issue Brief - May 15, 2023)

i. Economic benefits:

"For obvious reasons, Pakistan has a huge stake in a successful Iran-Saudi rapprochement. Besides reinforcing the objective of regional peace and security, the normalization of ties between Iran and Saudi Arabia presents massive opportunities for trade and energy ties."

(Institute Of Strategic Studies Islamabad Issue Brief - May 15, 2023)

"Pakistan and Iran are already part of China's Belt and Road Initiative (BRI) and with this agreement Saudi Arabia, too, can become a key partner in related projects."

(Institute Of Strategic Studies Islamabad Issue Brief - May 15, 2023)

The 25-year contract to export Iran's natural gas through a pipeline to Pakistan was signed by the two countries in 2009 when the PPP was in power. It was supposed to be implemented by 2015. The subsequent PML-N government averted the commitment, citing reasons of international sanctions. Now Tehran is demanding that Islamabad construct its portion of the pipeline by March 2024 or pay a penalty of \$18 billion. Another project that can be pursued is the Gwadar oil refinery that the Saudis have expressed interest in.

ii. Strategic significance and counter-terrorism:

"In the backdrop of this agreement, there are increased opportunities for a Pakistan-Iran-Saudi trilateral in terms of counter-terrorism cooperation. Sharing of intelligence information among the three countries can result in increased collaboration for countering terrorism threats, specifically targeting outfits such as Al-Qaeda and ISIS."

(Institute Of Strategic Studies Islamabad Issue Brief - May 15, 2023)

iii. A possible check on Sectarianism:

"In Pakistan's domestic context, the normalization of ties between Iran and Saudi Arabia has the potential to lessen sectarian tensions and foster greater harmony."

(Institute Of Strategic Studies Islamabad Issue Brief - May 15, 2023)

"It is too early to predict whether the restoration of Saudi-Iranian ties will put an end to their politico- ideological rivalry; it is also too simplistic to assume that it will resolve sectarian tensions in Pakistan, which have largely been abetted by the Saudis and Iranians in the past."

(Muhammad Amir Rana |Dawn: March 19, 2023)

"The solution to all Pakistan's problems lies in correcting its policies rather than building false hopes on political developments elsewhere."

(Muhammad Amir Rana |Dawn: March 19, 2023)

13. PROMINENT CHALLENGES AFTER THE AGREEMENT:

For the time being, Saudi Arabia is choosing to deal with Iran with a detached pragmatism; essentially, "We cannot get rid of them, and they can't get rid of us." Based on this logic, Saudi Arabia is relying on regulated coexistence in the Gulf and a mix of competition and containment in Syria and Iraq.

Turning the page on conflict with Iran will not be easy, even if the two countries respect the rules that they agreed on in Beijing. Riyadh will need to manage the complex link between Iran's expectations for economic dividends from de-escalation with Saudi Arabia and the escalation of U.S.-led sanctions on economic cooperation with Iran. It will also need to mitigate potential spillover from Israel's shadow war with Iran, Iran's competing relationship with the United Arab Emirates, and adverse actions from Iran's revolutionary guard and Iranian-backed militias across the region. For the time being, it seems that both governments in Riyadh and Teheran are determined to move closer.

"Hopes for immediate trust and consistency will likely have to wait, as the two regional powers continue to have dramatically divergent geopolitical and religious goals..... They're often on opposite sides of regional conflicts such as those in Yemen, Lebanon and Syria."

(Natasha Turak 21 July 2023 - <https://www.cnbc.com>)

i. "High level of distrust":

"Saudi Arabia will likely still be cautious in economic dealings with Iran because it does not want to be exposed to US sanctions. And normalization does not necessarily mean that the two sides trust each other. Regardless, reducing tensions in Yemen, Lebanon, Syria and Iraq can still entail wide-ranging interests for both sides."

(Diako Hosseini – the Director of World Studies Program at the Center for Strategic Studies based in Tehran)

Ayham Kamel, the head of Middle East research for the Eurasia Group, predicted a slow process even with China acting as a guarantor. "You don't shift from competition to significant cooperation overnight. I suspect Iran-Gulf relations are going to be taken out of an era of confrontation to a more natural one where there are disagreements, there's competition and there's cooperation."

"while reducing the intensity of regional competition may help redirect political energy to the core internal conflicts, the prospect of swift solutions remains slim. The Iranian-Saudi rapprochement may lessen Gulf Arab states' security concerns. But it does not diminish the risk of a crisis triggered by Iran's rapidly advancing nuclear program and the threat it poses, in particular for Israel, but also for some of Iran's neighbours, including Saudi Arabia."

(Crisis Group 19 APRIL 2023)

"The litmus test for the deal's success will be whether the sides keep interfering in the domestic politics of countries across the region."

(Crisis Group 19 APRIL 2023)

14. WESTERN ANALYSTS TAKE ON AGREEMENT

i. Saudi-Iranian Rapprochement Has Failed to Bring De-escalation (Steven A. Cook - Foreign Policy Magazine)

The agreement between Saudi Arabia and Iran to resume diplomatic relations, brokered by China, raised hopes for regional de-escalation. However, three months after the announcement, de-escalation remains elusive. Despite the planned exchange of ambassadors and positive developments in Yemen, Iranian proxies continue to attack U.S. forces in Syria, and Iran seems focused on escalating its shadow war with Israel. Additionally, Iran's actions in the waters of the Persian Gulf indicate a lack of de-escalatory intent. While the Saudis may have made diplomatic overtures, Iran appears to be leveraging normalization to strengthen its regional influence.

ii. The Real Motivation Behind Iran's Deal with Saudi Arabia (Saeid Golkar - Foreign policy)

The recent China-brokered agreement between Iran and Saudi Arabia goes beyond merely normalizing diplomatic ties. For Iranian Supreme Leader Ayatollah Ali Khamenei and the Islamic Revolutionary Guard Corps (IRGC), this deal is a strategic move aimed at strengthening an anti-Western global order with the support of China and Russia. Khamenei envisions a clash of civilizations between the Islamic world and the West, and he sees this alliance as an opportunity to uproot the U.S.-led liberal world order. While the deal may appear positive on the surface, its underlying motives present major security challenges,

including potential military cooperation and economic strategies to replace transnational agreements that are currently U.S.-oriented. The U.S. must recognize the implications and take proactive measures to address this emerging anti-Western axis in the Middle East and beyond.

iii. **China's Iran-Saudi Deal May Not Stick (Jesse Marks - Foreign Policy)**

China helped Iran and Saudi Arabia reach an agreement to restore their diplomatic relations. This shows China's role as a mediator in the Middle East and its interest in the Persian Gulf. But it's not easy for China to keep both sides happy because it's also getting closer to the Gulf Cooperation Council (GCC), which may affect its ties with Iran. Even though Iran has a strong relationship with China, China's recent investments with the GCC don't mean it's turning away from Iran. China is not very active in mediating conflicts in the region, and this, along with security concerns, might make it hard for the agreement to work well in the long term and solve the problems between Iran and Saudi Arabia.

iv. **How China's Saudi-Iran Deal Can Serve U.S. Interests (Michael McFaul - Foreign Policy)**

China's President Xi Jinping achieved a diplomatic breakthrough by brokering a deal to restore relations between Saudi Arabia and Iran. Though this may seem detrimental to U.S. interests, a closer examination reveals potential benefits. On the negative side, the deal strengthens cooperation among autocratic regimes and enhances China's image as a promoter of peace. However, it may also help solidify the truce in Yemen, which aligns with U.S. security goals in the region. Additionally, the long-term gains for Iran's autocrats are uncertain, and the deal's impact on U.S.-Saudi relations is limited. While caution is needed regarding China's expanding influence, the U.S. should selectively contain China and focus on supporting democratic change and human rights in Iran and Saudi Arabia rather than engaging in shuttle diplomacy between autocracies. Ultimately, promoting political pluralism and human rights in the region would lead to more lasting stability in the Middle East.

v. **4 Key Takeaways from the China-Brokered Saudi-Iran Deal (Aaron David Miller - Foreign Policy)**

The China-brokered Saudi-Iran deal, while a diplomatic breakthrough, is unlikely to lead to a golden age in relations between the two countries due to deep-rooted rivalries and tensions. The Biden administration was left on the sidelines as China played a more sophisticated diplomatic game, aligning with Iran as a

counter to Western sanctions. China emerged as a modest winner, extending its influence in the region, which is vital to its economic interests. The region is in flux, with the United States still retaining critical ties, but the Middle East is now open for business, and China's role as a major player is increasingly evident.

15. CONCLUSION:

In a nutshell, the recent restoration of relations between Saudi Arabia and Iran marks a significant shift in the geopolitical landscape of the Middle East. This journey from rivalry to rapprochement, culminating in the March 10, 2023 agreement, reflects a pragmatic recognition of mutual interests and the changing dynamics within the region. Iran, facing increasing isolation, finds an opportunity for diplomatic engagement, while Saudi Arabia, driven by its Vision 2030 plan, seeks to diversify alliances in a transforming Middle East. China's role in mediating this reconciliation underscores the evolving patterns of global influence. The implications of this Saudi-Iran detente ripple across regional conflicts, impacting countries like Syria, Lebanon, Iraq, and Yemen. The potential effects on Israel, the international order, and the United States add layers of complexity to this diplomatic development. For Pakistan, there are economic benefits, strategic significance, and potential checks on sectarianism. Nevertheless, challenges in the materializing of this deal still persist, marked by a "high level of distrust." Western analysts offer varied perspectives, from skepticism about de-escalation to debates on the true motivations behind the agreement and its sustainability. As the world observes this historic shift, the intricate web of interests, challenges, and analyses surrounding the Saudi-Iran reconciliation underscores the need for nuanced assessments and proactive engagement to navigate the uncertainties of this new geopolitical landscape.
